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SUBJECT: BULGARIA'S FISCAL TRANSPARENCY

Ref: State 16737

¶1. (U) Per reftel, the following is an assessment of Bulgaria's fiscal transparency.

¶2. (U) International standards for budget reporting are in place in Bulgaria, as required by EU membership. Relevant budget documents can be found on the websites of the Ministry of Finance and Parliament (the Finance and Budget Committee) during parliament hearings. The final budget is published in the State Gazette. Data on budget performance is published monthly, both in hard copy and on the Internet. The quality of fiscal statistics is generally reliable. A 2006 Open Budget Initiative review on Bulgaria recommended enhanced public access to internal budget planning processes.

¶3. (U) The EU allocated funds during Bulgaria's pre-accession period to strengthen inside control mechanisms, draft new legislation, improve and update existing regulations, and create strategic plans on managing and planning public finances. A Dutch-Bulgarian twinning project strengthened the capacity of the Ministry of Finance to oversee the process of public budgeting, and further enhanced program budgeting techniques as a way to achieve more fiscal transparency and accountability within the central and local governments. Fiscal decentralization is progressing, allowing local authorities more discretion in, and higher accountability for, collecting and spending local budgets. An Open Government Initiative helped re-establish a National Auditor's Office in 1995 in an effort to assist the GOB in strengthening its auditing systems, which consist of internal controls, supreme audits, and parliamentary oversight and follow-up.

¶4. (U) Bulgaria conducts regular Article IV consultations with the IMF following the Fund's exit in March 2007. Currently, the country has no special reporting obligations under the IMF's standards and codes for fiscal transparency.

BEYRLE